

MONTANA LEGISLATIVE HISTORY

Chapter 58 1999

Bill H 336 S _____ Original bill & history 1C

H. Committee on Appropriations

Hearing Date(s) 2/15 1C

2/18 1C

_____ C

_____ C

Date Out _____ C

S. Committee on Finance + Clk. M.

Hearing Date(s) 3/15 _____ C

3/29 _____ C

_____ C

_____ C

Did this bill originate in an interim committee? _____ Yes 1No

Committee _____

Report _____

LEGISLATIVE HISTORIES

The 1997 Montana Legislature dramatically changed the nature of legislative minutes. This altered format continues with the 1999 legislative minutes. The minutes from House committees are extremely sparse in content, offering no substantive information from which to glean legislative intent. The Senate committees' minutes are fuller in content.

Exhibits, which include written statements, attendant information, roll call votes, roll call attendance, a list of those from the public who were present, and specific action taken on legislative bills, will be available only through the Historical Society Archives, 444-4774, and from a CD-ROM produced by the Legislative Services Division, 444-3064.

Just as in the 1997 legislative session, the 1999 House and Senate committee hearings were recorded. For information on accessing the tapes, or purchasing them, contact the Archives, 444-4774.

If you have concerns over the format of these legislative minutes, it is suggested that you contact your state legislators.

BILL NO. 536

INTRODUCED BY

(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FIXED ANNUAL ASSESSMENT AMOUNT FOR THE MONTANA COMPREHENSIVE HEALTH ASSOCIATION; AUTHORIZING THE ASSOCIATION TO ABATE ASSESSMENTS; ALLOWING THE ASSOCIATION TO SEEK SUPPLEMENTAL APPROPRIATIONS AND TO BORROW FROM THE GENERAL FUND; APPROPRIATING FUNDS FROM TOBACCO SETTLEMENT PROCEEDS TO SUPPORT THE ASSOCIATION'S HEALTH INSURANCE PLANS; REQUIRING HEALTH MAINTENANCE ORGANIZATIONS TO BE MEMBERS OF THE ASSOCIATION; AMENDING SECTIONS 33-22-1503, 33-22-1504, AND 33-22-1513, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Association authority for supplemental appropriations and borrowing.

The association is authorized to seek supplemental appropriations if the amount of the annual assessment collected under 33-22-1513(5) and other available funds is insufficient to meet incurred or estimated claims expenses of the association plan and the association portability plan and the operating and administrative expenses of the association. The association may borrow from the general fund for a period not to exceed 2 years any funds necessary for the continued operation of the association plan and the association portability plan.

Section 2. Section 33-22-1503, MCA, is amended to read:

"33-22-1503. Comprehensive health association -- mandatory membership. (1) There is established a nonprofit legal entity, to be known as the Montana comprehensive health association, with participating membership consisting of all insurers, insurance arrangements, societies, health maintenance organizations, and health service corporations licensed or authorized to do business in this state. The association is exempt from taxation under the laws of this state, and all property owned by the association is exempt from taxation.

(2) All participating members shall maintain their membership in the association as a condition

1 for writing health care benefits policies or contracts in this state. The association shall submit its articles,
2 bylaws, and operating rules to the commissioner for approval.

3 (3) The association may:

4 (a) exercise the powers granted to insurers under the laws of this state;

5 (b) sue or be sued;

6 (c) enter into contracts with insurers, administrators, similar associations in other states, or other
7 persons for the performance of administrative functions;

8 (d) establish administrative and accounting procedures for the operation of the association;

9 (e) provide for the reinsuring of risks incurred as a result of issuing the coverages required by
10 members of the association;

11 (f) provide for the administration by the association of policies that are reinsured pursuant to
12 subsection (3)(e); and

13 (g) issue additional types of health insurance policies to provide optional coverage, including
14 medicare supplemental health insurance."

15

16 Section 3. Section 33-22-1504, MCA, is amended to read:

17 "33-22-1504. Association board of directors -- organization. (1) There is a board of directors of
18 the association, consisting of eight individuals:

19 (a) one from each of the five participating members of the association with the highest annual
20 premium volume of disability insurance contracts, health maintenance organization health care services
21 agreements, or health service corporation contracts, derived from or on behalf of residents in the previous
22 calendar year, as determined by the commissioner;

23 (b) two members at large who must be participating members of the association, appointed by
24 the commissioner; and

25 (c) a member at large, appointed by the commissioner to represent the public interest, who shall
26 serve in an advisory capacity only.

27 (2) Each of the seven board members representing the association members is entitled to a
28 weighted average vote, in person or by proxy, based on the association member's annual Montana
29 premium volume. However, a board member may not have more than 50% of the vote.

30 (3) Members of the board may be reimbursed from the money of the association for expenses

1 incurred by them because of their service as board members but may not otherwise be compensated by
2 the association for their services. The costs of conducting the meetings of the association and its board
3 of directors must be borne by participating members of the association in accordance with 33-22-1513."

4
5 Section 4. Section 33-22-1513, MCA, is amended to read:

6 "33-22-1513. Operation of association plan and association portability plans. (1) Upon acceptance
7 by the lead carrier under 33-22-1516, an eligible person may enroll in the association plan by payment
8 of the association plan premium to the lead carrier.

9 (2) Upon application by a federally defined eligible individual to the lead carrier for an association
10 portability plan, the association may not:

11 (a) decline to offer an association portability plan; or

12 (b) impose a preexisting condition exclusion with respect to an individual's association portability
13 plan coverage if application for association portability plan coverage is made within 63 days following
14 termination of the applicant's most recent prior creditable coverage.

15 (3) Not less than 88% of the association plan premiums paid to the lead carrier may be used to
16 pay claims and not more than 12% may be used for payment of the lead carrier's direct and indirect
17 expenses as specified in 33-22-1514.

18 (4) Any income in excess of the costs incurred by the association in providing reinsurance or
19 administrative services must be held at interest and used by the association to offset past and future
20 losses due to claims expenses of the association plan and the association portability plan or be allocated
21 to reduce association plan premiums.

22 (5) (a) Each participating member of the association shall share the losses due to claims expenses
23 of the association plan and the association portability plan for plans issued or approved for issuance by
24 the association and shall share in the operating and administrative expenses incurred or estimated to be
25 incurred by the association incident to the conduct of its affairs in the following manner: ~~Claims expenses~~
26 ~~of the association plan and the association portability plan that exceed the premium payments allocated~~
27 ~~to the payment of benefits are the liability of the association members. Association members shall share~~
28 ~~in the claims expenses of the association plan and the association portability plan and operating and~~
29 ~~administrative expenses of the association in an amount equal to the ratio of the association member's~~
30 ~~total disability insurance premium received from or on behalf of Montana residents divided by the total~~

1 ~~disability insurance premium received by all association members from or on behalf of Montana residents~~
2 ~~as determined by the commissioner.~~

3 (i) Each participating member of the association must be assessed by the association on an annual
4 basis an amount equal to 1% of the association member's total disability insurance premium received
5 from or on behalf of Montana residents as determined by the commissioner. Assessments made under
6 this subsection (5)(a) or funds from any other source must be allocated to the association plan and the
7 association portability plan in proportion to the needs of the two plans. If the needs of the association plan
8 and the association portability plan exceed the funds generated by the 1% assessment, the association
9 is then authorized to spend any funds appropriated pursuant to the provisions of [section 5] for the
10 support of the plans.

11 (ii) The association may abate, in whole or in part, the 1% assessment if the needs of the
12 association plan and the association portability plan do not require the funds generated by the full 1%
13 assessment. The commissioner shall approve any abatement of the 1% assessment.

14 (iii) Payment of an assessment is due within 30 days of receipt by a member of a written notice
15 of the annual assessment. Failure by a contributing member to tender the association assessment within
16 the 30-day period is grounds for termination of membership. A member terminated for failure to tender
17 the association assessment is ineligible to write health care benefit policies or contracts in this state under
18 33-22-1503(2).

19 (iv) An associate member that ceases to do disability insurance business within the state remains
20 liable for assessments through the calendar year in which the member ceased doing disability insurance
21 business. The association may decline to levy an assessment against an association member if the
22 assessment, as determined pursuant to this section, would not exceed \$10.

23 (b) For purposes of this subsection (5), "total disability insurance premium" does not include
24 premiums received from disability income insurance, credit disability insurance, disability waiver insurance,
25 or life insurance.

26 (c) Any income in excess of the incurred or estimated claims expenses of the association plan,
27 the association portability plan, and the operating and administrative expenses of the association must
28 be held at interest and used by the association to offset past and future losses due to claims expenses
29 of the association plan and the association portability plan or be allocated to reduce association plan
30 premiums.

1 ~~(6) The association shall make an annual determination of each association member's liability,~~
2 ~~if any, and may make an annual fiscal yearend assessment if necessary. Assessments related to the~~
3 ~~operation and expenses of the association plan must be determined and levied separately from~~
4 ~~assessments related to the operation and expenses of the association portability plan. The association~~
5 ~~may also, subject to the approval of the commissioner, provide for interim assessments against the~~
6 ~~association members as may be necessary to ensure the financial capability of the association in meeting~~
7 ~~the incurred or estimated claims expenses of the association plan and the association portability plan and~~
8 ~~operating and administrative expenses of the association until the association's next annual fiscal yearend~~
9 ~~assessment. Payment of an assessment is due within 30 days of receipt by an association member of a~~
10 ~~written notice of a fiscal yearend or interim assessment. Failure by a contributing member to tender to~~
11 ~~the association the assessment within 30 days is grounds for termination of membership. An association~~
12 ~~member that ceases to do disability insurance business within the state remains liable for assessments~~
13 ~~through the calendar year during which disability insurance business ceased. The association may decline~~
14 ~~to levy an assessment against an association member if the assessment, as determined pursuant to this~~
15 ~~section, would not exceed \$10.~~

16 ~~(7) Any~~ The proportion of the annual fiscal yearend or interim assessment relating allocated to
17 the operation and expenses of the association plan levied against an association member may be offset
18 by an association member, in an amount equal to the assessment paid to the association, against the
19 premium tax payable by that association member pursuant to 33-2-705 for the year in which the annual
20 fiscal yearend or interim assessment is levied. The insurance commissioner shall report to the office of
21 budget and program planning, as a part of the information required by 17-7-111, the total amount of
22 premium tax offset claimed by association members during the preceding biennium. ~~Assessments relating~~
23 The proportion of the annual assessment allocated to the operation and expenses of the association
24 portability plan and levied against an association member may not be offset against the premium tax
25 payable by that association member."
26

27 NEW SECTION. Section 5. Appropriation. There is appropriated \$1 million to the association for
28 each of the fiscal years 2000 and 2001 from any judgment, settlement, or fine that is received as a result
29 of a criminal or civil claim against a tobacco company related to the production, marketing, or use of
30 tobacco products. The association may use the appropriated funds only if the amount of the annual

1 assessment collected by the association is insufficient to meet incurred or estimated claims expenses of
2 the association plan, the association portability plan, and the operating and administrative expenses of
3 the association.

4

5 NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an
6 integral part of Title 33, chapter 22, part 15, and the provisions of Title 33, chapter 22, part 15, apply
7 to [section 1].

8

9 NEW SECTION. Section 7. Coordination instruction. (1) If [section 4] of this bill passes, then
10 [section 4] of House Bill No. 136, amending 33-22-1513, is void.

11 (2) If [LC 1728] is submitted to the electorate and approved by the electorate, then [section 2
12 of this act] is void.

13 (3) If [LC 1727] is submitted to the electorate and approved by the electorate, then [section 4
14 of this act] is void.

15

16 NEW SECTION. Section 8. Three-fourths vote required. Because [section 2 and section 4] levy
17 a new tax without a vote of the electorate as an emergency provision, Article VIII, section 17, of the
18 Montana constitution requires a vote of three-fourths of the members of each house of the legislature for
19 passage of those sections. The other sections of [this act] may be adopted by a simple majority vote of
20 each house of the legislature.

21

22 NEW SECTION. Section 9. Effective date. [This act] is effective on passage and approval.

23

24 NEW SECTION. Section 10. Retroactive applicability. [Section 5] applies retroactively, within the
25 meaning of 1-2-109, to money recovered by the state of Montana on or after January 1, 1999, from any
26 judgment, settlement, or fine that is received as a result of a criminal or civil claim against a tobacco
27 company related to the production, marketing, or use of tobacco products.

28

- END -

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on February 15, 1999 at 3:10 P.M., in Room 312 - 2 Capitol.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Joe Quilici, Vice Chairman (D)
Rep. Steve Vick, Vice Chairman (R)
Rep. Beverly Barnhart (D)
Rep. Ernest Bergsagel (R)
Rep. Peggy Bergsagel (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. John Cobb (R)
Rep. Stan Fisher (R)
Rep. Dick Haines (R)
Rep. Royal Johnson (R)
Rep. Betty Lou Kasten (R)
Rep. Matt McCann (D)
Rep. Red Menahan (D)
Rep. Ray Peck (D)
Rep. Lila Taylor (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Joanne Gunderson, Committee Secretary
Taryn Purdy, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Minutes were recorded on a Sony BI-85 machine and references are measured in inches rather than minutes

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 536, HB 537, HB 538,
2/8/1999 & HB 568, 2/10/99

HEARING ON HB 536

Opening Statement by Sponsor:

Rep. Betty Lou Kasten, HD 99, presented HB 536.

{Tape : 1; Side : A; Approx. Time Counter : 17 - 33}

Proponents' Testimony:

Bill Jensen, General Counsel, Blue Cross/Blue Shield and Montana Comprehensive Health Association Board (MCHA) EXHIBIT(aph37a01)

{Tape : 1; Side : A; Approx. Time Counter : 33 - 56}

Mark O'Keefe, Montana State Auditor and Insurance Commissioner

{Tape : 1; Side : A; Approx. Time Counter : 56 - 119; Comments :

Reviewed the result if the bill fails to pass.} EXHIBIT(aph37a02)

Exhibit 3 is a packet of letters written to the State Auditor/

Insurance Commissioner's Office. EXHIBIT(aph37a03)

Maryetta Bauer, MCHA Board

{Tape : 1; Side : A; Approx. Time Counter : 119 - 149}

Opie Peterman, Conrad

{Tape : 1; Side : A; Approx. Time Counter : 149 - 160}

Barbara Schafer, Fort Benton

{Tape : 1; Side : A; Approx. Time Counter : 160 - 203}

Tim Lenhardt, Billings

{Tape : 1; Side : A; Approx. Time Counter : 203 - 255}

Carol Pfluge, Billings

{Tape : 1; Side : A; Approx. Time Counter : 255 - 302}

Ron Yates

{Tape : 1; Side : A; Approx. Time Counter : 302 - 348}

Mike Logan, Helena

{Tape : 1; Side : A; Approx. Time Counter : 348 - 362}

Jamie Doggett, Meagher County

EXHIBIT(aph37a04)

{Tape : 1; Side : A; Approx. Time Counter : 362 - 376}

JeNae Fay, Helena

{Tape : 1; Side : A; Approx. Time Counter : 376 - 471}

Kathy Bassette, Hill Country Commissioners Office

{Tape : 1; Side : A; Approx. Time Counter : 471 - Tape : 1; Side : B; Approx. Time Counter : 017}

Deborah Frieck

{Tape : 1; Side : B; Approx. Time Counter : 17 - 30}

Wanda Corscadden, Great Falls

{Tape : 1; Side : B; Approx. Time Counter : 30 - 68}

Bill Lachemann, Great Falls

{Tape : 1; Side : B; Approx. Time Counter : 68 - 81}

Pamela Kierulff, Missoula

{Tape : 1; Side : B; Approx. Time Counter : 81 - 113}

Renee Koss, Malta

{Tape : 1; Side : B; Approx. Time Counter : 113 - 156}

E. Gilbert, Arlee

{Tape : 1; Side : B; Approx. Time Counter : 156 - 171}

John Dahl, 5-year administrator of MCHA, Helena

{Tape : 1; Side : B; Approx. Time Counter : 171 - 183}

Janet McGahan, Arlee

{Tape : 1; Side : B; Approx. Time Counter : 183 - 195}

Deborah Wilber, Missoula

{Tape : 1; Side : B; Approx. Time Counter : 195 - 215}

Linda Kralivich, East Helena

{Tape : 1; Side : B; Approx. Time Counter : 215 - 234}

Toby Harris, Livingston

{Tape : 1; Side : B; Approx. Time Counter : 234 - 250}

Chuck Butler, Blue Cross/Blue Shield

{Tape : 1; Side : B; Approx. Time Counter : 250 - 258}

no name given

{Tape : 1; Side : B; Approx. Time Counter : 258 - 266}

Shirley Hager, Missoula

{Tape : 1; Side : B; Approx. Time Counter : 266 - 282}

Don Hahn, Billings

{Tape : 1; Side : B; Approx. Time Counter : 282 - 289}
 Douglas Goodell, minister, Wesleyan Church EXHIBIT(aph37a05)
 {Tape : 1; Side : B; Approx. Time Counter : 289 - 343}

Al Pontrelli, Montana Association of Life Underwriters
 {Tape : 1; Side : B; Approx. Time Counter : 343 - 348}

Page Drinemen, Health Insurance of America
 {Tape : 1; Side : B; Approx. Time Counter : 348 - 357}

Beta Lovitt, Montana Medical Association
 {Tape : 1; Side : B; Approx. Time Counter : 357 - 364; Comments :
 This witness did not sign the visitors register.}

Charlann Forbes, Helena
 {Tape : 1; Side : B; Approx. Time Counter : 364 - 388}

Mary Dillree, Lewistown
 {Tape : 1; Side : B; Approx. Time Counter : 388 - 425}

Don Allen, Montana Medical Benefit Program
 {Tape : 1; Side : B; Approx. Time Counter : 425 - 444}

Mark Brady, Swan Lake EXHIBIT(aph37a06)
 {Tape : 1; Side : B; Approx. Time Counter : 444 - 457}

Pastor Gerald Devereux, Great Falls
 {Tape : 1; Side : B; Approx. Time Counter : 457 - 500}

Ernest Gates, Hamilton EXHIBIT(aph37a07)
 {Tape : 2; Side : A; Approx. Time Counter : 3 - 9}

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:
 {Tape : 2; Side : A; Approx. Time Counter : 9 - 450}

Closing by Sponsor:
 {Tape : 2; Side : B; Approx. Time Counter : 41 - 53; Comments :
 Sponsor said she had an amendment to present at executive
 action.}

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on February 18, 1999 at 3:30 P.M., in Room 312 - 2 Capitol.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Joe Quilici, Vice Chairman (D)
Rep. Steve Vick, Vice Chairman (R)
Rep. Beverly Barnhart (D)
Rep. Ernest Bergsagel (R)
Rep. Peggy Bergsagel (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. John Cobb (R)
Rep. Stan Fisher (R)
Rep. Royal Johnson (R)
Rep. Betty Lou Kasten (R)
Rep. Matt McCann (D)
Rep. Red Menahan (D)
Rep. Ray Peck (D)
Rep. Lila Taylor (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: Rep. Dick Haines (R)

Staff Present: Joanne Gunderson, Committee Secretary
Taryn Purdy, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Minutes were recorded on a Sony BI-85 and references are measured in inches rather than minutes.

Committee Business Summary:

Executive Action: HB 5, HB 14, HB 50, HB 92, HB 433,
HB 536, HB 537, HB 538

EXECUTIVE ACTION ON HB 433

Discussion:

{Tape : 2; Side : A; Approx. Time Counter : 301 - 495}

Motion: REP. TROPILA moved that HB 433 DO PASS.

Discussion:

{Tape : 2; Side : B; Approx. Time Counter : 0 - 16}

Motion: REP. BARNHART moved that HB 433 BE AMENDED to make the effective date to two years' hence.

Discussion:

{Tape : 2; Side : B; Approx. Time Counter : 16 - 57}

Vote: Motion to amend the date to January 1, 2001 failed by voice vote.

Vote: DO PASS Motion carried 10-6 by ROLL CALL VOTE.

{Tape : 2; Side : B; Approx. Time Counter : 57 - 60}

EXECUTIVE ACTION ON HB 92

Motion: REP. VICK moved that HB 92 DO PASS.

Motion/Vote: REP. VICK moved that HB 92 BE AMENDED to fund the bill from the Coal Severance Tax Permanent Fund. Motion carried 16-0. (Reps. Haines and Peck were absent.)

Motion/Vote: REP. VICK moved that HB 92 DO PASS AS AMENDED. Motion carried 16-0.

{Tape : 2; Side : B; Approx. Time Counter : 60 - 97}

EXECUTIVE ACTION ON HB 536

Motion: REP. KASTEN moved that HB 536 DO PASS.

Discussion:

EXHIBIT(aph40a03)

{Tape : 2; Side : B; Approx. Time Counter : 97 - 188}

Motion/Vote: REP. KASTEN moved that HB 536 BE AMENDED (Exhibit 3). Motion carried unanimously.

{Tape : 2; Side : B; Approx. Time Counter : 188 - 200}

Motion: REP. KASTEN moved that HB 536 BE AMENDED. EXHIBIT(aph40a04)

Discussion:

{Tape : 2; Side : B; Approx. Time Counter : 200 - 298}

Vote: Motion carried unanimously.

Motion: REP. KASTEN moved that HB 536 BE AMENDED.EXHIBIT(aph40a05)

Discussion:

{Tape : 2; Side : B; Approx. Time Counter : 298 - 414}

Vote: Motion carried unanimously.

Motion: REP. KASTEN moved that HB 536 DO PASS AS AMENDED.

Discussion:

{Tape : 2; Side : B; Approx. Time Counter : 414 - Tape : 3; Side : A; Approx. Time Counter : 030}

Vote: Motion carried unanimously.

{Tape : 3; Side : A; Approx. Time Counter : 0 - 30}

EXECUTIVE ACTION ON HB 537

Motion/Vote: REP. KASTEN moved that HB 537 DO PASS. Motion carried unanimously.

{Tape : 3; Side : A; Approx. Time Counter : 30 - 43}

EXECUTIVE ACTION ON HB 538

Discussion:

{Tape : 3; Side : A; Approx. Time Counter : 43 - 57}

Motion/Vote: REP. KASTEN moved that HB 538 DO PASS. Motion carried 15-1 with Cobb voting no.

{Tape : 3; Side : A; Approx. Time Counter : 57 - 60}

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 15, 1999 at 10:02 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Pam Joehler, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 536, HB 470, 3/14/1999
Executive Action:

SENATE COMMITTEE ON FINANCE AND CLAIMS

March 15, 1999

PAGE 4 of 10

83%. **Mr. Hudson** explained there was always a cushion in case sources generated less income than anticipated. **Mr. Hudson** advised if the work participation requirements were met the Federal Government reduced the required percentage, that is what happened. **REP. KASTEN's** bill will reduce the percentage ongoing. **REP. COBB** wants to capture the difference between 77% and 80% beginning this year instead of letting the current program run until the next year when the percentage would be reduced from 80% to 77%.

SEN. KEATING asked if that violated the federal requirements, **Mr. Hudson** advised it did not, and added they were notified earlier this year the performance requirements had been met.

SEN. JERGESON requested a Fiscal Note. **REP. KASTEN** advised she would request a Fiscal Note prior to executive action.

SEN. MILLER asked if section two was removed would the excess money would be reverted to the General Fund. **REP. KASTEN** believed it would.

Closing by Sponsor:

REP. KASTEN closed.

HEARING ON HB 536

Sponsor: **REP. BETTY LOU KASTEN, HD 99, BROCKWAY**

Proponents: **SEN. TOM BECK, SD 28, DEER LODGE**
Bill Jenson, Blue Cross Blue Shield (BCBS)
Claudia Clifford, State Auditor's Office
Don Allen, MT. Medical Benefits Plan
Russ Hill, New West Health Plan
Chuck Butler, Blue Cross Blue Shield
Beda Lovitt, Montana Medical Association
Page Dringman, Health Insurance Association
of America
Aidan Mhyre, Montan Comprehensive Health
Association
Pamela Kierrulff, Self

Opponents: None

Informational: **Joyce Brown,** State Employee Benefits

Glen Leavitt,Director of benefits for the
University System**Opening Statement by Sponsor:**

REP. KASTEN passed out **EXHIBIT(fcs58a01)**, amendments for the bill, and advised the committee this bill raised and placed a 1% cap on the Montana Comprehensive Health Association (**MCHA**) premium, extends the base to HMO's, and allows a loan to be taken from the Board of Investments if necessary. **REP. KASTEN** advised the tobacco settlement money has been removed from this bill.

Proponents' Testimony:

Bill Jenson, BCBS, reviewed the history of **MCHA** and explained in 1997 the Legislature made **MCHA** the alternate mechanism for the federal required insurance coverage and since then **MCHA** has grown considerably. The program is funded using premiums charged to the insured and assessments against insurance carriers. **Mr. Jenson** advised the assessment needs to be increased because of the number of people being covered and the cost of care is \$3,000.00 per person over the premiums paid and that is why the base needs to be expanded to include **HMOs**. **EXHIBIT(fcs58a02)** and **EXHIBIT(fcs58a03)** were handed out and **Mr. Jenson** assured the committee efforts are being made to keep the cost down by using BCBS's provider and precertification network, annual reassessments, and a nurse to evaluate the insured. **Mr. Jenson** advised the committee next session they may be back to ask for additional funds to cover the people the legislature is requiring them to cover.

Claudia Clifford, Health Policy Specialist with the State Auditor's Office, felt this program is very important to keep people off Medicaid. **Ms. Clifford** advised the premiums are higher than a healthy person would pay, and the Insurance Commissioner was concerned with the financial security of this program. **Ms. Clifford** offered **EXHIBIT(fcs58a04)**, an amendment to broaden the base by including the state employees and university system program. **Ms. Clifford** noted this does not take place this biennium and added the Commissioner feels it is important to also get tobacco settlement money for this program. **Ms. Clifford** advised it is difficult to provide cost projections because there is no way to determine how many new people will qualify.

Don Allen, MT. Medical Benefit Plan, rose in support of the bill and felt **MCHA** is a necessary insurance provider but the base needs to be expanded in order to cover the people the previous legislature required.

Russ Hill, New West Health Plan, rose in support of the bill. **Mr. Hill** noted they were concerned with health care costs and feel the base should be broadened and included HMO carriers but the premiums should not begin until 1/1/2000, allowing the companies to build the premium in their budgets. **Mr. Hill** advised the committee New West Health Plan is an HMO that has been in business for one year and covers 11,000 people in the state.

Chuck Butler, BCBS, rose in support of the bill and felt the 1% cap was a good idea and added BCBS pays approximately 48% of the assessment or \$2,200,000.00. **Mr. Butler** stated BCBS supports adding the HMO's to increase the base and noted BCBS collects only 10% of the allowed 12% for administrative costs. {Tape : 1; Side : B; Approx. Time Counter : 0}

Beda Lovitt, Montana Medical Association, advised with the number of people appearing during the House hearing, it became clear how important this program was to Montana. **Ms. Lovitt** felt the base did need to be broadened to insure continued affordable coverage.

Page Dringman, Health Insurance Association of America, advised the members covered approximately 40% of the current funding and supported the base being broadened.

Aidan Myhre, MCHA, rose in support of the bill and added she had a personal interest in the bill because it affected her father, he was once self employed and when he sold his business he had no other coverage option.

Pamela Kierhulff, advised the committee she was a cancer survivor and uses the insurance because she can not get insurance from any other source. **Ms. Kierhulff** stated she pays \$230.00 per month and has a \$2,000.00 deductible, she added if her premiums went up she did not know how she would pay for her insurance, therefore she supported broadening the base in an attempt to keep premiums down.

Informational Testimony:

Joyce Brown, Department of Administration, read EXHIBIT(fcs58a05).

Glen Leavitt, Director of Benefits for the University System concurred with **Ms. Brown**.

Questions from Committee Members and Responses:

SEN. LYNCH wanted to know what happened to the employees in the state. **Mr. Butler** answered the employer would have an increase in

the premiums and the employees may also have an increase. **SEN. LYNCH** noted the \$48,000,000.00 was being paid by the employees covered under the health coverage, **Mr. Butler** agreed.

SEN. LYNCH asked why Flathead County had so many people covered, **Mr. Jenson** advised he was unsure why that was but felt it could be an awareness issue with the agents.

SEN. CHRISTIAENS asked when the 1% assessment was added if there was an offset in the premium tax, **Mr. Jenson** stated for the commercial carriers who are subject to a premium tax there is an offset, however the last legislature made a provision that the carriers can not off set the portability portion against the premium tax.

SEN. CHRISTIAENS noted HMOs do not get the off set the other carriers do, and wondered how that was fair, **Mr. Jenson** thought the Commissioner would propose everyone be eliminated for the off set and that would place everyone on equal ground.

SEN. CHRISTIAENS stated it appeared the insurance benefactors were not receiving fair treatment as some carriers do pay premium tax and others don't. **Mr. Jenson** advised if you were insured through a commercial carrier you are being charged the premium tax currently.

SEN. CHRISTIAENS wanted to know if a loan was taken out how it would be paid back, **Mr. Jenson** advised the loan would be paid back through whatever assessment could be maintained, and would be the highest priority. **Mr. Jenson** noted the loan provision was there because there was no way to determine how many people would be covered over the next two years, therefore there was no way to determine the increase needed from this Legislative session.

SEN. FRANKLIN wanted to know what the current level of assessment was and how that was determined, **Ms. Clifford** advised it was a balancing act but last year \$2,100,000.00 was needed and she felt with the plan increases capped at one percent that would allow enough money to cover the plan and give carriers security the ceiling would not continue to be raised. **SEN. FRANKLIN** advised this bill is a trade off for the insurance company to get a fixed rate they can count on, but a higher premium than last year.

SEN. FRANKLIN asked if the entire assessment was not used could the money be invested for the future costs, **Ms. Clifford** advised the money would probably be rebated back if it was not needed, but noted that was up to the Commissioner and the plan administrator.

SEN. NELSON wanted to know the current rates, **Mr. Jenson** passed out **EXHIBIT(fcs58a06)** and **EXHIBIT(fcs58a07)** and noted the premiums were based on age.

SEN. BECK wanted to know if the base was broadened, if the rate would be lowered for the people paying in. **Ms. Clifford** advised it was hard to tell because the number of people signing up for the insurance was still increasing.

SEN. LYNCH wanted to know the purpose of postponing the dates and if the same would apply to school districts and local governments, **Ms. Clifford** advised the Insurance Commissioner wanted the amendments to become effective now, but felt it was fair for the state and university system not to pay until next year because the budgets for this year were already set. **Ms. Clifford** stated the school districts and local governments were not included in the amendments as they get their insurance through private carriers.

SEN. TAYLOR asked if an income tax deduction was given for profit companies and a premium tax credit for non profit companies, **Ms. Clifford** advised there was no income tax deduction, just a premium tax credit.

SEN. KEATING stated the insurance premium tax went to the General Fund and asked if there was a rebate of the insurance premium tax or just the assessment. **Ms. Clifford** advised if a carrier pays premium tax they subtract what they owe for **MCHA**, then the difference goes into the General Fund. **SEN. KEATING** thought that would reduce the General Fund and the Fiscal Note showed no reduction to the General Fund. **Ms. Clifford** advised the Fiscal Note does not take into account amendments placed today, only how the original bill affected the budget.

SEN. KEATING did not understand why the Fiscal Note would not show an impact to the General Fund and **SEN. JERGESON** advised the offset was established previously, the Fiscal Note does not show current law. **SEN. KEATING** advised that made it clear for him.

CHAIRMAN SWYSGOOD asked **Mr. Hill** if he wanted a delayed effective date because of section two. **Mr. Hill** replied that was correct and noted he did believe the HMOs should be included but they to had already set their budgets for the year.

CHAIRMAN SWYSGOOD wanted to know how that would affect the funds coming into the account. **Ms. Clifford** advised it would decrease the revenues but it was not an unreasonable request.

CHAIRMAN SWYSGOOD wanted to know what **Ms. Clifford** meant when she said there was not a lot of notice, therefore people did not show up for this hearing, **Ms. Clifford** answered in the House there was 10 days notice. **CHAIRMAN SWYSGOOD** advised this was posted for 72 hours.

Closing by Sponsor:

REP. KASTEN urged the committee to consider her amendments involving the loan provisions, but noted she had a concern with the Commissioner's amendments as she felt the stop loss provisions would place a mandate on private self insured and if that was true she opposed the amendments.

REP. KASTEN asked if the bill was passed if **SEN. BECK** would carry the bill and **CHAIRMAN SWYSGOOD** would carry the prior bill.

SEN. CHRISTIAENS wanted clarification on the stop loss provision, **Ms. Clifford** advised stop loss carriers do pay premium tax and have a member on the MCHA board, however there may be other policy reasons not to include them.

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Executive Action: HB 34, HB 11, HB 649, HB470,
HB 536, AMENDMENTS TO HB 13
AND HB 5

HEARING ON HB 13

Sponsor: REP. ROYAL JOHNSON, HD 10, BILLINGS

Proponents: Lois Menzies, Department of Administration
Joe Mazurek, Attorney General
Jane Hamman, Office of Budget and Program
Planning
Tom Schneider, Montana Public Employees
Association (MPEA)
Terry Minow, Montana Education Association
Dick Crofts, Commissioner of Higher Education
Sharon McCabe, Montana Historical Society
Susan Malek, University of Montana, MPEA
Debra Chard, Montana State University
Cheryl Bramsen, MPEA
Candice Payne, University Teachers Union
Carol Bittinger, Montana State University
Sheila Sterns, University of Montana and Western
Montana College
Kristine Csorosz, University of Montana, MPEA
Jim Currie, Department of Transportation
Cathy Conover, Montana State University

Opponents: None

Opening Statement by Sponsor:

REP. JOHNSON advised this bill was the state pay plan, and is a result of several month's negotiations. The plan gives classified and blue collar employees a three percent wage increase per year for each year over the next biennium. There are approximately 14,000 employees covered by the increase, including some at the university level. REP. JOHNSON noted there was a contract already signed for the increases. REP. JOHNSON explained there was a longevity increase in addition to changes in the health plan. REP. JOHNSON stated there were several area that needed to be reviewed and explained each as follows: page 4 line 10, a Cobb amendment, page 5 line 29, dealing with dates, page 8, allowing the department to develop an alternative pay plan, page 9 line 23, longevity language, the teachers pay schedule in Boulder and Pine Hills needs to be replaced as it was stricken in error, mileage has changed to reflect Federal

Motion: SEN. LYNCH moved that Amendment HB 047005.agp be adopted.

Discussion:

CHAIRMAN SWYSGOOD passed out EXHIBIT(fcs70a06) and explained the immediate effective date money needed to be encumbered and the amendment encumbers \$1,000,000.00 for the support services at Montana State Hospital. CHAIRMAN SWYSGOOD advised if there was sufficient money for the services then the money from this amendment would revert into the General Fund.

SEN. WATERMAN thought the amount of the reduction was \$660,000.00 and wanted to know where the rest of the money came from.

CHAIRMAN SWYSGOOD explained staff advised him the amount would be \$1,000,000.00 at least, and was unsure where the \$660,000.00 figure came from.

Vote: Motion carried unanimously.

Motion/Vote: SEN. KEATING moved that HB 470 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. KEENAN was assigned to carry this bill.
{Tape : 2; Side : A; Approx. Time Counter : 0}

EXECUTIVE ACTION ON HB 536

Motion: SEN. KEATING moved that HB 536 AND AMENDMENT HB 053602.AGP BE CONCURRED IN EXHIBIT(fcs70a07).

Discussion:

CHAIRMAN SWYSGOOD explained the amendment added \$2,000,000.00 of the Tobacco Settlement money to cover the insurance program.

Vote: Motion carried 15-1 with Waterman voting no. SEN. BECK and SEN. CHRISTIAENS were presenting bills in other committees.

CHAIRMAN SWYSGOOD thought SEN. CHRISTIAENS also had an amendment for this bill.

SEN. WATERMAN asked if the \$2,000,000.00 replaced some of the provider fees in the bill. CHAIRMAN SWYSGOOD advised it did not.

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SEN. WATERMAN asked if the bill was \$2,000,000.00 short. CHAIRMAN SWYSGOOD advised he believed it was and that is why they were allowed to go to the **Board of Investments** for a loan if needed.

EXECUTIVE ACTION ON HB 34

CHAIRMAN SWYSGOOD advised the funding for the Tribal Colleges was placed in **HB 2** out of General Funds.

SEN. KEATING asked if the bill needed to be passed to provide for the distribution of funds. Clayton Schenck, Legislative Fiscal Analyst, advised this bill did not need to be passed to require the temporary appropriation.

SEN. JERGESON stated the statue was already in place. This bill would set up a new statute requiring the **Board of Regents** to fund the colleges.

SEN. KEATING advised this would make it a requirement and so this bill should not be passed as it would set up a statute.

Motion: SEN. KEATING moved that **HB 34 BE TABLED**.

There was a break called until 9:00

{Tape : 2; Side : A; Approx. Time Counter : 9:07}

CHAIRMAN SWYSGOOD advised **HB 536** was still on the table and SEN. CHRISTIAENS did not want to add his amendment.

SEN. FRANKLIN thought the rates should be set as needed.

Motion/Vote: SEN. KEATING moved that **HB 536 BE CONCURRED IN AS AMENDED**. Motion carried unanimously.

SEN. BECK was assigned to carry this bill.

EXECUTIVE ACTION ON HB 5

CHAIRMAN SWYSGOOD called for a motion to reconsider the committee action on **HB 5**.

Motion/Vote: SEN. LYNCH moved **HB 5 BE RECONSIDERED**. Motion carried unanimously.